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AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

March 3, 1928.

Vol. VI, No. 5.

COOPERATIVE RECEIPTS AT CHICAGO LIVESTOCK MARKET

Livestock receipts at Chicago from cooperative agencies are becoming of increasing importance. Data for the five years ending with 1927 indicate that whereas in 1923 but 18.3 per cent of the carlot receipts at the Union Stock Yards came from cooperative shipping associations, in 1927 more than 23 per cent came from such marketing agencies. With the exception of 1926 the increase for the five years has been consistent. These percentages are as follows: 1923, 18.3 per cent; 1924, 21.0; 1925, 21.7; 1926, 20.6; 1927, 23.2.

The percentage increases have varied for the different kinds of animals. For cattle and calves it has been from 5.1 per cent to 6.6 per cent; for sheep, from 4.6 per cent to 6.2 per cent, and for hogs, from 28.2 per cent to 33.1 per cent.

The total number of cooperative car loads received for the five-year period was 283,834, made up as follows: sheep, 5,463 car loads; cattle, 41,296; hogs, 186,887; cars of mixed stock, 50,188 cars.

More than 57 per cent of all the cooperative shipments received at the Chicago market during the five-year period came from groups of Iowa farmers, about 31 per cent from Illinois shipping associations, 6 per cent from cooperatives in Wisconsin, between 3 and 4 per cent from the Minnesota associations, and less than 2 per cent from all the other states.

There has been a shift in the relative importance of the cooperatives of the several states in the use of the Chicago livestock market. In 1923, 60.6 per cent of the total cooperative carlot receipts at Union Stock Yards came from Iowa, while in 1927 but 54.4 per cent of the total cooperative business was from this state. This was a decrease of six points. During the same period the receipts from Illinois associations increased from 29.1 per cent of all cooperative receipts to 34.2, a gain of 5 points. Carlot receipts from Wisconsin increased from 4.7 per cent of the total cooperative business to 6.7 per cent. Minnesota's percentage was the same at the end of the five years as at the beginning. Cooperative receipts from the other states decreased in relative importance.

Thus it appears that the carlot receipts at Chicago from cooperatives are becoming a larger fraction of the total business, that the relative importance of receipts of livestock from Iowa shippers is declining, and the relative importance of such receipts from Illinois cooperatives is increasing.

EIGHT YEARS OF LIVESTOCK SHIPPING IN SOUTH DAKOTA

Seventy-two cars of livestock were shipped in the year ending July 1, 1927, by the Wallace Farmers' Shipping Association, Wallace, S. D. These cars contained 661 cattle, 4,187 hogs and 515 sheep, and brought gross returns of \$121,631. Of this the patrons received \$113,882 for their stock; \$260 was carried to the sinking fund; the manager's commission was \$1,184; freight, feed and yardage accounted for \$6,108; membership fee was \$169; and \$25 went to the long and short account.

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ADAMS COUNTY SHIPPERS' ASSOCIATION SHOWS GAINS

Livestock shipments by the Adams County Shippers' Association, Quincy, Ill., amounted to 906 cars for 1927, which was the best record yet made. These cars were shipped from 13 stations. The f.o.b. value of the livestock at shipping point was \$1,433,012; the producers were paid 98.8 per cent of this amount, local shipping charges amounting to but \$17,548. The animals handled included 56,548 hogs. All but 36 of the 906 car loads were sent to cooperative sales agencies at the terminal markets.

In addition to the livestock shipments the association handled 1 car of apples, 9 cars of potatoes, 5 cars of spray material and quantities of serum and virus for its members. The total volume of business for the year was \$1,457,977.

This association is managed by a board of 15 directors who meet monthly. There is a county manager, also local managers at each shipping point. These latter list and load livestock. The distribution of returns is made from the county office on the same date that the remittance is received from the terminal market.

All members of the county farm bureau are automatically members of the shipping association. About 1,400 shipped livestock in 1927. Shippers who are not farm bureau members are charged 5 cents per hundred-weight more than members for marketing service. The books of the association are audited annually by certified public accountants.

The following comments were made by the auditors as a part of their report for the 1927 audit: "Your ability to operate on a very small service charge is due in part to your centralized form of organization which permits you to engage a capable manager and to maintain office records which keep you fully informed regarding the results of your operations. It is apparent also that this form of organization makes it possible to secure a more effective administration."

SIXFOLD INCREASE FOR SHIPPING ASSOCIATION

In seven years the number of animals sent to market by the Washington Township Shipping Association, Washington, Indiana, has increased sixfold. In 1921 there were six shipping associations operating in the territory now served by this organization; to-day there is only the one association. The changed condition is evidence of the carrying out of an efficient marketing program.

Twelve motor trucks are now used in collecting livestock for shipment, as many as four trips a day being made by the trucks when circumstances require. One of the truck routes is 25 miles in length. These trucks are operated by the owners who assist the management of the association in locating and listing animals to be shipped in the future. Rates for trucking vary slightly with kind of animals, distance hauled and condition of roads. The average rate on hogs in full loads is approximately one cent per hundredweight per mile. The cattle rate is about 50 cents a load higher.

On Mondays the management receives and handles odd lots of livestock, including stockers and feeders which are often sold locally. The other days of the week the management receives the market stock which has been listed with association and makes up shipments of the proper sort and weight. Shipments are made to the cooperative sales agencies at the stockyards at Evansville, Ind., and Cincinnati, Ohio.

The number of animals of each kind shipped by the association during each of the seven years, together with returns at shipping point, are shown in the following table:

Year	Cattle and calves	Hogs	Sheep	Total animals	Returns at shipping point
1921	488	3,349	178	4,015	- - - -
1922	818	4,203	195	5,216	- - - -
1923	1,654	6,491	363	8,508	- - - -
1924	2,070	11,744	558	14,372	\$223,937
1925	2,825	11,660	708	15,193	358,123
1926	2,928	11,465	1,134	15,527	407,005
1927	3,448	20,495	1,074	25,017	528,157

REPORT FOR SASKATCHEWAN LIVESTOCK PRODUCERS.

Cooperative marketing is the first of eight measures recommended by the Saskatchewan Overseas Live Stock Marketing Commission to the legislature of Saskatchewan. The Commission was appointed early in 1927 by the Saskatchewan Agricultural Research Foundation and directed to make an investigation relative to the marketing of Canadian Livestock in Great Britain and to study cooperative bacon factories in England, Ireland and Denmark. The commission was made up of five men who investigated conditions in the countries named and also in Poland, Germany and Holland.

The data collected by the investigators made a report of 700 pages. The commission's conclusions are summed up in the eight recommendations to the legislature, which are as follows:

1. Cooperative marketing of livestock.
2. A complete survey of livestock holdings in specified areas of the province with a view to discovering the most suitable area in which to construct an experimental bacon factory.
3. Establishment of feeding stations in proximity to central markets, or to localities where feed is readily available, where livestock might be held and properly finished until central markets can absorb them.
4. Adoption of something akin to the Danish system of connecting breeders of purebred pigs with the commercial farmers through the medium of testing stations.
5. Improvement of beef cattle quality through importation of purebred sires of outstanding type from England and Scotland.
6. Institution of some measure of grading livestock, under Dominion auspices, for overseas export trade.
7. Creation in Canada of a department or bureau of agricultural economics to study data on marketing and other problems.
8. Closer harmony between the Federal Department of Agriculture and the Department of Trade and Commerce, with maintenance and extension of the service of the Agricultural Products Representative in London.

WISCONSIN CHEESE FEDERATION INCREASES ITS VOLUME

For the seventh consecutive year the management of the Wisconsin Cheese Producers' Federation, Plymouth, Wis. reports an increased amount of cheese sold. For the year 1920 nearly 14,000,000 pounds of cheese was sold by this federation for its member-units. In 1927 more than 35,600,000 pounds of cheese was marketed. The gross sales for 1927 amounted to \$8,553,483, which was an increase of \$1,515,696 over 1926.

In addition to cheese sales the federation marketed 2,926,511 pounds of cream valued at \$460,925 and secured for its member-units factory supplies to the value of \$153,644. Total value of all products handled by the federation during 1927 was \$9,168,053.

The growth of this cooperative enterprise for marketing cheese is indicated by the figures in the following table:

Year	Cheese sold		Sales	Pounds of cream handled	Supplies sold
	Pounds	Relative			
1914	6,108,450	100	\$ 873,618	-----	-----
1915	7,509,692	123	1,132,867	-----	-----
1916	7,426,588	122	1,304,640	-----	-----
1917	9,015,317	148	2,171,526	-----	-----
1918	8,585,438	141	2,322,536	-----	-----
1919	13,980,829	229	4,306,599	-----	-----
1920	13,906,685	228	3,686,130	-----	\$ 41,669
1921	14,939,917	245	2,794,964	236,954	50,390
1922	18,646,263	305	3,790,219	865,162	56,965
1923	23,912,478	391	5,577,180	1,057,431	90,963
1924	28,496,198	467	5,475,677	1,264,122	95,559
1925	28,893,853	473	6,521,920	1,755,214	113,762
1926	33,614,805	550	7,037,787	1,989,845	133,331
1927	35,650,849	584	8,553,483	2,929,511	153,644

Figures compiled by the management for the last 14 years show that 96.58 per cent of f. o. b. warehouse value of the cheese has been returned to the member-units. The operating expense for the Federation for the 14 years was 2.77 per cent of f. o. b. value. Freight on cheese to the warehouses was nearly one-half of one per cent and .16 of one per cent represents undivided surplus.

The net worth of the Federation on December 31 was \$167,225, made up of the following items: capital stock, \$3,100; certificates of indebtedness, \$53,465; appropriated surplus, \$25,458; undivided surplus, \$85,202.

VIRGINIA DAIRYMEN SELL CREAM COOPERATIVELY

Dairy products to the amount of \$243,808 were sold by the Valley of Virginia Milk Producers' Association, Harrisonburg, Va., during the year ending August 31, 1927. Nearly 70 per cent of the total came from the sale of cream. Expenses of operation for the year were \$66,697. The capital required for conducting the business is represented by certificates of indebtedness, there being certificates to the amount of \$63,988 outstanding on August 31.

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CONTINUED GROWTH REPORTED BY ORLEANS CREAMERY

In the year ending November 30, 1927, the Farmers' Equity Cooperative Creamery Association, Orleans, Nebr., sold butter to the value of \$1,417,719; sales of ice and buttermilk came to \$7,470; and sales of ice cream, to \$12,224. Gross income was further augmented by commissions on eggs and poultry, and miscellaneous items, to the amount of \$2,233. Administrative expense came to \$47,849, including: office salaries, \$16,441; office supplies, \$3,159; postage, \$2,632; traveling expense and salary, roadmen, \$6,115; advertising, \$2,909; taxes, \$2,149; general expense, \$3,798; and many smaller items. Net earnings were \$47,949, and net worth at the close of the year was \$182,579.

Growth of this association since it started in business in 1917 is indicated by the following table:

Year ending Nov. 30	Butter made		Net earnings	Net worth	
	Amount	Relative		Amount	Relative
	(Pounds)				
1917	384,257	100	*\$ 7,418	\$ 3,411	100
1918#	315,206	82	8,518	12,305	361
1919	929,055	242	19,365	41,669	1222
1920	1,065,607	277	10,227	50,017	1466
1921	1,267,733	330	29,001	76,395	2240
1922	1,555,074	405	32,279	96,425	2827
1923	1,533,041	399	25,548	105,571	3095
1924	1,690,144	440	19,916	111,880	3280
1925	2,172,160	565	55,753	151,050	4428
1926	3,055,000	725	41,972	162,352	4759
1927	3,421,017	890	47,947	182,579	5352

*Loss.

#Six months.

INCREASED BUSINESS BY COOPERATIVE DAIRY AGENCY

Larger quantities of butter, dried milk, cheese, and eggs, were handled by the Challenge Cream and Butter Association in 1927 than ever before. The increase in butter handled was more than 3,100,000 pounds; the increase in dried milk was more than 400,000 pounds; in cheese, more than 200,000 pounds; and in eggs, more than 172,000 dozens. Gross sales for 1927 showed an increase over 1926 of \$1,102,983.

The Challenge Association was formed by a number of cooperative creameries in 1911 to function as a cooperative sales agency on the Los Angeles market. It is now serving 16 cooperative creameries in California and Idaho, and is marketing eggs for two cooperatives. It is selling in both the Los Angeles and the San Francisco markets, having established a branch house in the latter city in September of 1925.

Since 1920 the quantity of butter handled annually has increased from less than 5,000,000 pounds to more than 28,000,000 pounds. Gross sales have increased greatly, as will be noted by the figures below:

Year	Butter handled		Total sales (All products)*	Gross returns to association
	Pounds	Relative		
1920	4,537,905	100	\$ 3,310,224	\$ 2,817,515
1921	6,852,494	151	3,658,176	3,097,565
1922	9,381,295	207	5,011,591	4,766,187
1923	12,476,089	275	7,735,719	6,597,082
1924	#15,266,401	336	9,099,188	7,855,893
1925	#18,726,239	413	11,520,341	9,085,990
1926	#25,717,329	567	14,852,050	12,130,849
1927	#28,896,214	632	15,955,033	12,416,974

* Including butter, cream, condensed milk, dried milk, cheese and eggs received from associations and purchased for resale.

Including resale of purchased butter.

By-products have been sold as follows:

Year	Sweetened condensed skim milk	Dry milk	Cheese	Eggs
	(Pounds)	(Pounds)	(Pounds)	(Dozens)
1925	1,315,423	235,000	387,257	2,004,458
1926	1,775,835	491,750	592,895	2,059,053
1927	1,093,475	974,595	840,480	2,231,294

The expense of operating during 1927 was \$520,591, 3.26 per cent of total sales. Net worth at the close of the year was \$461,354.

"BIG Y" PROVIDES FOR MORE CAPITAL.

An increase in share capital from \$300,000 to \$1,000,000 has been authorized by the shareholders of the Yakima Fruit Growers' Association, Yakima, Wash. The new capital will be used for new buildings as needed. It is proposed from time to time to convert the accumulating surplus into share capital and to distribute the shares among the members. That portion of the share capital represented by preferred stock will carry a dividend rate of 6 per cent.

This organization was started in 1912 as a membership association, being changed in 1918 to a stock corporation with authorized capital of \$150,000, which was increased later to \$300,000. The association has developed more rapidly than was expected and is now handling a business that requires a considerable amount of capital.

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CALIFORNIA GRAPE EXCHANGE RESUMES BUSINESS

After suspending operations during the 1926 season, the California Grape Growers' Exchange, San Francisco, resumed its work in 1927, with a largely increased membership. The Exchange began marketing grapes for its members in 1920 and continued six years.

In 1925 the Exchange had only 600 members, by the first of 1927 the number had grown to 1,000, and early in January, 1928, it had reached 1,221, more than twice the number in 1925. One hundred twenty-five names have been added since the 1927 season closed, according to a statement by the management.

The management reports that the Exchange rendered many services last year at a cost of about \$1 per ton, including the following: It informed members regarding cultural methods, marketing and legislation; billed cars for members and furnished transportation bonds; assembled grapes in carlots for the convenience of members shipping small quantities; provided sales service with the necessary collection and distribution of revenues and the accounting and auditing; provided means of selling released crops for members who had opportunities to sell at better prices; obtained permits for sold cars; advertised grapes in trade journals in this country and in foreign publications; prepared a summary of market conditions and buying power in all the important markets of the United States; gathered crop reports from all parts of California; made efforts to reduce transportation charges; tested grapes of members for their sugar content; encouraged the policy of f.o.b. selling, that payments might be made to growers direct.

For the 1928 marketing season the Exchange is considering the matter of employing paid representatives in the eastern markets to secure contracts in advance. The adoption of a trade-mark is also being considered.

BERRY GROWERS ESTABLISH EMERGENCY FUND

Eleven years of cooperative marketing stand to the credit of the Central California Berry Growers' Association, Inc., San Francisco. In speaking of the success of the enterprise the manager in his annual report for the 1927 season says, "Adherence to strict business policies, avoiding costly marketing experiments, and always endeavoring to give everyone a square deal, have done much to inspire confidence in our co-operative organization. We are sound financially and we have built up a business that can not be easily taken from us."

The association collected \$16,585 in fees for marketing fruit. Net earnings for the year were \$3,707. By action of the board of directors, \$5,000 of the association's surplus was put in a reserve fund for use in case of an emergency.

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WIDE DISTRIBUTION OF BLUE ANCHOR FRUITS

With a crop of tree fruits about 70 per cent of normal, the California Fruit Exchange, Sacramento, last year shipped a few more cars of fruit than in the previous year, the figures being 12,092 in 1926 and 12,226 in 1927. One reason for this was the new acreage of fruit coming into bearing, and another was that a somewhat larger percentage was sold on the fresh fruit markets. These cars were sold in 388 carlot markets, 57 per cent in the 11 auction markets, and 43 per cent in private sale markets. Fruit was distributed in nearly every quarter of the globe, going to Honolulu, Alaska, London, Liverpool, Manila, Singapore, Havana, Rio de Janiero, Buenos Aires, San Salvador, and other points.

Through the work of the standardization department, established in 1922, the Exchange has now reached the point where a high quality of deciduous fruit is placed on the market under the Blue Anchor label. The past year a corps of trained inspectors was employed to visit packing houses and insist upon rigid enforcement of Blue Anchor standards. Individual brands have been largely eliminated from the market and community brands established. This has involved the pooling of fruit and 75 per cent of the fruit of the Exchange is now pooled under first and second grade labels. Short pooling periods have been adopted in order to be able to make more prompt payments.

During 1927 the supply department handled 1,478 car loads of supplies, of which 1,240 cars were box shook. Practically 25 per cent of the shook came from the lumber department of the Exchange.

Gross sales of fruit in 1927 amounted to \$19,225,663. Exchange operating expenses amounted to 3.5 per cent, and the sum of \$672,898 is to be refunded to growers.

OKLAHOMA ASSOCIATION HANDLES GRAIN AND SUPPLIES

Nearly 300 farmers make up the membership of the Farmers' Cooperative Association of Alva, Okla., a marketing association formed in 1917 to handle grain and buy supplies. During 1927 the association handled 407,243 bushels of wheat at three stations, also 3,100 tons of coal at two stations. Sales for the year totalled \$647,735. Net earnings amounted to \$6,212. Earnings and surplus were distributed as follows: cash dividend on share capital at 8 per cent, \$2,112; additional cash dividend, \$5,280; patronage dividend, \$1,987. The association has paid-up share capital to the amount of \$26,400 and a surplus of \$23,466.

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WHEAT MOVING TO THE POOL IN QUEENSLAND

With a crop of 3,500,000 bushels, the farmers of Queensland, Australia, had delivered 1,250,000 bushels to the State Wheat Board early in January and nearly all the country sheds of the Board were filled. Some satisfactory sales had been made and wheat was being shipped as rapidly as boats were available. So far as possible only the best quality of wheat was being accepted for storage in the grain sheds, but the Wheat Board was looking for markets for the lower grades and expected to be able to make shipments shortly.

A plan for building up a reserve fund by an assessment of one penny a bushel, has been approved by the Board. If this measure is approved by the Minister of Agriculture it will be submitted to the growers for consideration.

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MILLION DOLLAR REFUND BY SASKATCHEWAN WHEAT POOL

A refund to the amount of \$1,372,537 is now ready for distribution to members of the Saskatchewan Cooperative Wheat Producers, Ltd., Regina. This sum represents the earnings by the Saskatchewan Pool Elevators, Ltd., from handling more than 80 million bushels of grain in the 1926-27 season. It includes the earnings from both country and terminal elevators after deducting expenses, depreciation, interest, and a reserve fund.

At the last annual meeting of the organization the delegates discussed the question whether the net earnings should be refunded to the growers in cash or retained for further extension of the elevator system and decided upon the cash refund. Checks for the \$1,372,537 are now in the hands of the 725 elevator agents for distribution to growers. The rate of refund is to be one and three-quarters cents per bushel for all grain handled through pool country elevators, and one cent per bushel for pool grain shipped over the platform and consigned to pool terminals, or delivered to a line elevator and diverted to pool terminals.

For the 1925-26 season the association operated 89 elevators and refunded approximately \$475,000 of excess handling charges. During the 1926-27 season 587 elevators were operated.

ACCOMPLISHMENTS OF THE FARMERS' ELEVATOR MOVEMENT

The present farmers' elevator movement may be said to have begun about 25 years ago, following two previous attempts at organization which accomplished little more than to lay a foundation for further cooperative organization. After such a period of effort it is proper to consider briefly the accomplishments of the movement up to the present time.

The farmers' elevator movement can be credited, first of all, with improvements in local grain-handling practices, such as (1) the establishments of fairer grading, docking and weighing practices, (2) establishment of relatively narrower local handling margins, and (3) the general development of more courteous and considerate treatment of farmers by all country grain buyers. These were among the most grievous causes of complaint at the beginning of the movement, while now there seems to be but little dissatisfaction with local handling practices.

A second accomplishment has been the creation of a competitive situation at many local markets which has given farmers, in general, confidence that their interests are being safeguarded. Wherever a farmers elevator is a factor in a local competitive situation, farmers usually feel that local prices offered are not fixed in some arbitrary manner, but instead reflect terminal market conditions, less a moderate local handling charge.

A third general benefit of the movement has been the encouragement of better production practices and lower costs of production by grain farmers. Introduction of better seeds and improved machinery, the cleaning of seed grains, handling of farm supplies in large quantities at lower margins of profit, saving of dockage and transportation by cleaning commercial grains before shipping, and the grinding of such dockage and other feed grains, have all tended to benefit producers to a substantial degree in one way or another.

A fourth result comes from the formation of a national organization and eleven state-wide organizations of local companies, and the publication of a monthly paper in the interests of farmers' elevators and grain producers. Aside from the specific services rendered by these associations, such as centralized auditing, insurance, adjustments, legal and other services, these agencies have tended to strengthen the movement and bring about concerted action on the part of grain producers as a whole on matters pertaining to their general welfare.

A final accomplishment, and perhaps the greatest of all, has been the training of a large number of farmers in the technique and business methods of grain marketing. Membership in farmers' elevator associations, especially service as directors of local elevator companies, has developed many farm leaders and fitted other farmers for greater responsibilities in the field of cooperative grain marketing.

ELEVEN YEARS OF EGG MARKETING

In summarizing the 1927 business of the Poultry Producers of Central California, San Francisco, the general manager reports that it was "the most satisfactory year that the association, as a business organization, has ever experienced. Unfortunately, our members, as individual producers, have not had a profitable year, due to relatively low selling prices for eggs and higher feed and replacement costs."

This organization began selling eggs early in 1917 and is now in its twelfth year. It operates over a territory with a radius of approximately 150 miles from San Francisco. This territory is now divided into six pooling districts, each with its own packing plants and receiving stations. Sales are directed from the San Francisco office. Expansion of the association during the 11 years, as reported by the management, is indicated by the following table:

Year	Number of members*	Eggs handled (Cases)	Value
1917	-----	213,532	\$2,382,444
1918	1,000	270,313	3,712,532
1919	1,200	315,251	4,680,065
1920	2,193	460,303	6,939,542
1921	2,839	662,598	6,905,802
1922	3,159	618,475	5,730,000
1923	-----	631,021	5,900,000
1924	2,219	627,477	6,425,000
1925	-----	782,070	8,080,067
1926	2,683	869,324	7,935,110
1927	3,191	977,116	#7,916,002

*Shareholders, 1917-1923; members since 1924.

#Paid members.

The policy of increasing retail distribution in Central California was continued with the result that 38.73 per cent of all receipts were sold at retail. Nearly 52 per cent of the eggs were sold in eastern markets, through the Pacific Egg Producers, Inc., New York City.

The poultry department, opened in 1926, sold 729,217 pounds of live poultry and 813,482 pounds of dressed poultry in 1927, and the feed department sold 53,686 tons of feed with a selling value of \$2,600,756.

A deferred payment of approximately \$600,000 is available for distribution to members by the egg department. Of this sum \$157,000 represents savings from district and operating budgets, \$318,000 from eastern shipping account, and \$125,000 from storage account.

WISCONSIN TOBACCO POOL HANDLING CROP RAPIDLY

The delivery season for 1927 tobacco is now at its height in Wisconsin and members of the Northern Wisconsin Cooperative Tobacco Pool, Madison, are delivering their crops more rapidly than ever before. Tobacco has been received and delivered to the buyers at the rate of one and one-half million pounds per week. Twelve leaf departments are functioning and tobacco is being received in more than 50 towns.

All the stemming tobacco of the Pool has been sold and this tobacco has been delivered by the growers direct to the buyers without passing through the warehouses. Sorting tobacco in the northern districts has been delivered to the warehouses and transferred to buyers when sold. In the southern districts the sorting tobacco has been sold from samples and delivered when called for.

Four tobacco schools lasting three days each, have been conducted at strategic points by the Department of Farmers' Institutes. All were well attended, growers coming from long distances to avail themselves of the instruction offered.

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PENNSYLVANIA WOOL ASSOCIATION REPORTS

The McKean County Cooperative Sheep and Wool Growers' Association, Smethport, Pa., is an independent local association formed in 1919 and incorporated the following year. During 1927 it handled 12,508 pounds of wool with a value of \$5,397. Sales of fertilizer, grass seed, binder twine, wool twine, arsenate of lead, etc., brought total sales to \$8,116. Expenses for the year were in excess of earnings, leaving a net loss of \$33.28. A surplus from other years took care of this and left \$363 in that fund.

Quantity of wool handled each year, number of consignors and amount of sales are shown below.

Year	Number of Consignors	Wool Sold (Lbs.)	Sales
1920	110	21,438	\$ 4,986
1921	74	9,634	2,195
1922	80	15,503	5,755
1923	96	13,880	6,313
1924	70	11,228	4,293
1925	56	11,586	5,819
1926	65	13,171	5,672
1927	--	12,508	5,397

PENNSYLVANIA FARMERS BUY COOPERATIVELY

In order to purchase their supplies cooperatively, a group of Pennsylvania farmers organized the Newtown Cooperative Association, Newtown, Pa., in 1922. Early in 1925 the association had 55 members, all of whom were farmers. Goods are sold to members and nonmembers, also, at wholesale. Among the commodities handled are: lime, fertilizer, seed, feed, twine, poultry supplies, spray materials, seed potatoes, baskets. Sales for 1927 amounted to \$57,566 of which sales to members accounted for \$37,753; to nonmembers, \$17,451; and at wholesale, \$2,362. Net earnings were \$1,094, of which \$755 was distributed as a patronage dividend and \$339 was carried to surplus.

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COOPERATIVE STORE IN MAINE TWENTY YEARS OLD

Approximately 450 patrons are being served by the store operated by the Aroostock Cooperative Company, Presque Isle, Me., This association which was formed in 1907 has been slowly gaining in financial strength and on December 31, 1927, its surplus had grown to \$42,534. Share capital outstanding amounts to \$20,000 on which dividends are paid regularly. For the years 1921 and 1922 the dividends were computed at 6 per cent, for 1923, 1924 and 1925 they were computed at 7 per cent and beginning with 1926 they have been computed at 8 per cent.

Land, buildings and improvements were valued at \$33,400 on December 31, last, and the merchandise on hand was given an inventory value of \$38,616.

Sales for the year 1927 were the largest in the history of the association, amounting to more than \$270,000. Net earnings for the year were \$7,885.

The growth of the organization since 1921 is indicated by the following figures:

Year	Sales	Net earnings	Surplus Dec. 31
1918	\$267,864	-----	\$20,420
1921	219,617	\$2,373	24,437
1922	240,897	2,585	24,703
1923	228,954	3,009	26,138
1924	224,476	2,723	27,335
1925	208,411	3,590	29,435
1926	242,789	9,653	37,282
1927	272,825	7,885	42,534

U. S. SUPREME COURT UPHOLDS COOPERATIVE ACT OF KENTUCKY

On February 20, 1928, the Supreme Court of the United States, in the case of the Liberty Warehouse Company, v. Burley Tobacco Growers' Cooperative Marketing Association, upheld the cooperative marketing act of Kentucky. This is the first time that a case involving cooperation and its principles has been passed upon by the Supreme Court.

It appears that the Liberty Warehouse Company was engaged in the conduct of a warehouse in Kentucky, where it received and sold loose-leaf tobacco for the account of growers. The Burley Tobacco Growers' Cooperative Association, formed under the Bingham Cooperative Marketing Act of Kentucky, brought suit against the Warehouse Company to recover a penalty of \$500 prescribed by the act under which it was incorporated, together with reasonable attorneys' fees, on account of the fact that the Warehouse Company received 2,000 pounds of the 1923 crop of tobacco from one of the members of the association and sold it, after being notified by the association that the grower delivering the tobacco was a member of the association and after the attention of the Warehouse Company was called to the penalty provided by the act for doing so.

The act authorized an association formed under it to recover a penalty of \$500 from "any person, firm, or corporation conducting a warehouse within the state of Kentucky who solicits or persuades or permits any member of any association organized thereunder to breach his marketing contract with the association by accepting or receiving such member's products for sale or for auction or for display for sale contrary to the terms of any marketing agreement" with an association. In the lower court the association was successful and obtained a judgment for the penal sum of \$500, and \$100 for attorneys' fees. The case was appealed to the Court of Appeals of Kentucky, which court affirmed the judgment of the trial court, and the Warehouse Company appealed to the Supreme Court of the United States, which Court also affirmed the judgment.

The Warehouse Company, throughout the litigation and in the Supreme Court, contended that the cooperative act under which the Association was formed, and particularly the section which authorized the association to recover the penalty, was unconstitutional on account of the Fourteenth Amendment. In the Supreme Court, the Warehouse Company relied much upon the case of Connolly v. Union Sewer Pipe Company, 184 U. S. 540, but the Court distinguished the instant case from the Connolly case, principally by pointing out that in the Connolly case a statute of Illinois was involved, which expressly defined a trust, but declared that "the provisions of this act shall not apply to agricultural products or livestock while in the hands of the producer or raiser," while in the instant case there

was no statute of Kentucky "nor was there any when the cause of action herein arose, against pools, trusts and monopolies," so that apparently this branch of the case resolved itself into this: Was there a common law rule in Kentucky with respect to monopolies and restraint of trade from which associations were exempt, while other persons and organizations were subject thereto, and if so, was the exemption valid? In this connection, the Court said: "We cannot say that any common law rule recognized in the State of Kentucky forbade associations or contracts similar to those before us when intended to promote orderly marketing. Undoubtedly the State had power to authorize formation of corporations by farmers for the purpose of dealing in their own products."

Referring to the contention of the Warehouse Company that the co-operative act deprives it of the right to carry on business in the usual way by accepting and selling the tobacco of those who voluntarily seek its services, the Court said: "We need not determine whether the liberty protected by the constitution includes the right to induce a breach of contract between others for the aggrandizement of the intermeddler - to violate the nice sense of right which honorable traders ought to observe."

The following quotations from the opinion should be of interest:

Certainly the statute impaired no right of the Warehouse Company guaranteed by the Fourteenth Amendment by merely authorizing corporations with membership limited to agriculturists and permitting contracts for purchase and resale of farm products. This also is true of the declaration that such associations shall not be deemed monopolies, combinations or conspiracies in restraint of trade, and that contracts with members shall not be illegal. The state may declare its own policy as to such matters.....

Do the provisions of the Bingham Act which afford peculiar protection to marketing contracts with members of the Association deprive the Warehouse Company of equal protection of the laws, or conflict with the due process clause of the Fourteenth Amendment because without reasonable basis and purely arbitrary? These questions may be fairly said to arise upon the present record.....

The statute penalizes all who wittingly solicit, persuade, or induce an association member to break his marketing contract. It does not prescribe more rigorous penalties for warehousemen than for other offenders. No-

body is permitted to do what is denied to warehousemen. There is no substantial basis upon which to invoke the equal protection clause.

It is stated without contradiction that cooperative marketing statutes substantially like the one under review have been enacted by forty-two states. Congress has recognized the utility of cooperative association among farmers in the Clayton Act, 38 Stat. 731; the Capper-Volstead Act, 42 Stat. 388; and the Cooperative Marketing Act of 1926, 44 Stat. 802. These statutes reveal widespread legislative approval of the plan for protecting scattered producers and advancing the public interest.

Referring to the general scheme of cooperative marketing represented by the cooperative act of Kentucky and the Burley Tobacco Growers' Association, the Court said: "Although frequently challenged, we do not find that any court has condemned an essential feature of the plan with the single exception of the Supreme Court of Minnesota," which Court in the case of the Minnesota Wheat Growers' Cooperative Marketing Association v. Radke, 163 Minn. 403, 204 N. W. 314, declared unconstitutional a provision in the Minnesota cooperative act similar to that involved in the instant case, but in that case it should be noted the dealer who bought products from a member of the association was passive and apparently did not actively seek to purchase them. The Supreme Court quotes from opinions decided by various state courts upholding cooperative marketing, and in concluding the discussion of this phase of the case, said:

The opinion generally accepted -- and upon reasonable grounds, we think -- is that the cooperative marketing statutes promote the common interest. The provisions for protecting the fundamental contracts against interference by outsiders are essential to the plan.

This case is important, not only on account of the specific proposition decided, but because of the comprehensive implications of the opinion favorable to cooperation.

L. S. Hulbert.

NEW MEXICO SUPREME COURT UPHOLDS COOPERATIVE

On January 5, 1928, a re-hearing was denied by the Supreme Court of New Mexico in the case of the Elephant Butte Alfalfa Association v. Ronault, 262 P. 185, and the Supreme Court then rendered an elaborate opinion, holding that the association in question, which was incorporated under the cooperative act of Texas, and which had an agency contract, was entitled to liquidated damages and to the remedies of injunction and specific performance in New Mexico for enforcing its contracts. The court further held that the association was not operating in restraint of trade on account of the antitrust laws of New Mexico, because the cooperative acts of New Mexico which were passed subsequent to its antitrust statutes had changed the public policy of the state with respect to cooperative associations. This is the first case decided by the Supreme Court of New Mexico involving the validity of a cooperative association.

L. S. Hulbert

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VALIDITY OF LEASE TO WIFE DOUBTED

On January 7, 1928, the Supreme Court of Kansas decided the case of the Kansas Wheat Growers' Association v. Lucas, 262 P. 551, in which the association sued for liquidated damages of 25 cents per bushel on all wheat marketed by the defendant outside of the association. The defendant was a member of the association and under contract to deliver all of the wheat marketed by him through the association. The question for decision by the court involved the validity of an arrangement under which it was claimed that the wife of defendant had leased certain land upon which wheat was grown, the defendant being the active party in the raising of the grain. The wife of defendant was not a party to the suit. The defendant claimed that he had grown no wheat and hence that liquidated damages could not be recovered from him. After the association had introduced its evidence, the trial court dismissed the case because, in his judgment, the "plaintiff had failed to show that defendant raised wheat" in the years in question. The association then appealed the case and the Supreme Court reversed the trial court, holding that the evidence of the association was sufficient to carry the case to a jury. Although the wife of the defendant entered into a written lease covering the land on which the wheat in question was grown, and although it was contended that the defendant had simply "worked for his wife" in raising the wheat, the court was of the opinion that the evidence offered by the association seriously tended to show that this arrangement was a mere subterfuge. The

following quotation from the opinion shows the basis thereof:

The evidence further showed that on two or more occasions defendant had mortgaged as his own the wheat he now contends he was raising for his wife. The evidence further tended to show that the defendant went along farming the land very much as he had done before, working on it, and using his implements, and taking the proceeds of the wheat to pay his individual debts and the living expenses of his family, as well as mortgaging it to secure his personal obligations.

Plaintiff contends that this evidence tends to show that the purported lease to defendant's wife was simply a subterfuge to avoid complying with the marketing agreement which defendant had made with plaintiff. It is true, as contended by appellee, that in this state a woman may own property and conduct a business in her own name. No reason is suggested, so far as her legal status is concerned, why she could not conduct a farming business. It is also true, under the marketing agreement, that a member of the association may quit raising wheat if he desires to do so, without being under any liability to the plaintiff association. But if having the written lease made to defendant's wife was simply a device or subterfuge by which defendant sought to avoid carrying out his marketing agreement with plaintiff, and if in fact the defendant went on raising wheat just as he had in the past, and did raise wheat for the harvest of 1923, 1924 and 1925, which he did not deliver to the association, that device would not relieve him from liability to the association. *South Carolina Cotton Growers' Cooperative Association v. English*, 135 S. C. 19, 133 S. E. 542; *Burley Tobacco Growers' Association v. Devine*, 217 Ky. 320, 289 S. W. 253; *Monte Vista Potato Growers' Cooperative Association v. Bond*, 80 Colo. 516, 252 P. 813; *Dark Tobacco Growers' Cooperative Association v. Garth*, 218 Ky. 391, 291 S. W. 367.

As indicated by the foregoing, the appellate courts have rendered a number of decisions holding that a member of an association may not avoid his contract by farming in the name of his wife or of another relative.

L. S. Hulbert.

FOURTH ESSAY CONTEST IN PITTSBURGH DISTRICT

Up to the first of February 57 boys and girls of Pennsylvania, Ohio and West Virginia had enrolled for the fourth annual essay contest of the Pittsburgh District Dairy Council. Essays were due before March 1. Two scholarships and 29 free trips to Pittsburgh were offered as prizes, with a scholarship in Ohio State University, Pennsylvania State College or the University of West Virginia to the individual who writes the best report of the trip to Pittsburgh. Contestants must be the children of members of the Dairymen's Cooperative Sales Company, Pittsburgh, between the ages of 10 and 18 years.

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INDIANA FARMERS STUDYING COOPERATION

Fifteen Schools of Cooperative Marketing are in progress in Indiana under the direction of the Indiana Farm Bureau Federation. The schools are being held in three sections of the state with one instructor for each group of classes. Each community has one lesson a week for a period of 10 weeks. Books on cooperation by well known writers and publications of the U. S. Department of Agriculture are used as the basis of the information presented.

The classes began with an average attendance of 25 and now have an average of over 40, with a total of from 500 to 600 receiving instruction each week. Usually one class is conducted in a county and some of the farmers drive long distances to attend the sessions.

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KANSAS COLLEGE HELD SCHOOL OF COOPERATIVE MARKETING

A School of Cooperative Marketing lasting two days formed a part of the annual Farm and Home Week program of the Kansas State Agricultural College, Manhattan. Morning and afternoon sessions were held February 9 and 10. Addresses on various phases of cooperation made up the programs of the first three meetings and the fourth session was devoted to reports of the progress of cooperative enterprises in Kansas, each limited to 20 minutes. The subjects of these reports were as follows: Cooperative Elevators, the Farmers' Cooperative Commission Company, the Wheat Pool, the Southwestern Sales Agency, the Linn Cooperative Creamery, the Farmers' Union Livestock Commission, the Producers' Commission Association, The Farmers' Union Creamery and Grain Business.

Representatives of the Federal Division of Cooperative Marketing discussed the program of the Division of Cooperative Marketing, also management and membership problems, and developments in connection with cooperative marketing of grain and livestock.

SUMMARY OF LEGAL INFORMATION NOW AVAILABLE

Each year the legal information published in Agricultural Cooperation has been assembled and issued in a mimeographed circular under the title "Summary of Cases and Decisions on Legal Phases of Cooperation." Volume V of this series, covering the articles published during 1927, is now available for distribution. Requests should be addressed to the Division of Cooperative Marketing, U. S. Department of Agriculture, Washington, D. C.

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STATISTICAL REPORT ON LIVESTOCK MARKETING

"A Preliminary Statistical Report of the Operations of Producer Agencies," has been issued by the National Live Stock Producers' Association, Chicago. The material is presented entirely in tabular form and covers the six years 1922 to 1927, for the 13 organizations now operating and several which are no longer affiliated. Purchases and sales are given for each agency for each year, by car loads and by animals, also value of livestock handled, net earnings, and other data. The report covers 16 mimeographed pages.

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NEW STUDY OF AGRICULTURAL COOPERATIVES PUBLISHED

"Agricultural Cooperative Associations, Marketing and Purchasing, 1925," Technical Bulletin No. 40, United States Department of Agriculture, is just off the press. The bulletin, which was prepared by R. H. Elsworth of the Division of Cooperative Marketing, supersedes Bulletin 1302 by the same author, entitled "Development and Present Status of Farmers' Cooperative Business Organizations."

The study is based upon information supplied to the Department of Agriculture by 10,803 associations which were active at the close of 1925, and 1,500 others no longer in business. Many associations had furnished their records for a considerable number of years. The bulletin gives data regarding number of associations, number of years in operation, number of members, volume of business, and other items, by geographic groups and by commodity groups, with a section on organization characteristics. Many tables, maps and charts are introduced.

Copies of the bulletin are available for distribution by the Division of Cooperative Marketing, U. S. Department of Agriculture. Washington, D. C.

REPORTED BY THE ASSOCIATIONS

Net sales to the amount of \$105,880 are reported by the Grange Cooperative Wholesale, Seattle, Wash., for 1927. Operations of the year resulted in gross earnings of \$13,977, and net earnings of \$1,785. This sum was applied to the deficit which amounted to \$5,837 at the close of 1926, leaving the deficit at the end of 1927, \$4,052.

Nearly one hundred rural fire troops have been formed in Indiana for rural fire prevention and protection, and have proved their value in successfully combating fires. These troops are organized through the Farm Bureau and each troop is made up of from 8 to 40 farmers banded together for mutual fire protection. More than \$100,000 worth of property has been saved through their efforts.

The farm bureaus in Texas, Montana and North Dakota, have recently arranged for automobile insurance with the State Farm Mutual Insurance Company, Bloomington, Ill. Similar arrangements had already been made by the farm bureaus of Indiana, Iowa, Michigan, Minnesota, Missouri, Kentucky, Nebraska, South Dakota, Kansas, and Colorado. Cash assets of the Illinois organization have reached a total of \$1,500,000.

Farm supplies to the value of \$64,305 were purchased through the Franklin County Service Company, Columbus, Ohio, during the year ending September 30, 1927. The more important items were: feed, \$42,946; fertilizer, \$12,040; seeds, \$4,423; twine, \$2,247; and seed potatoes, \$2,026. The management reports that 80 per cent of the feed was taken out by truckers who had brought in livestock or milk.

Dairy and poultry products handled by the Fayette County Cooperative Marketing Association, Washington C. H., Ohio, in 1927, resulted in a total gross income of \$13,664 and net earnings of \$1,604. Sales were as follows: butterfat, 67,363 pounds, \$34,450; eggs, 157,642 dozens, \$35,606; poultry, 114,348 pounds, \$24,012; whole milk, 1,428,491 pounds, \$37,147; butter, \$378. Total expenses came to \$12,060.

Large gains in volume of business were made in 1927 by the Michigan Farm Bureau Supply Service. On feed alone there was an increase of approximately 500 tons per month over any previous year. From the net earnings a patronage dividend of \$14,266 was declared to its cooperative organization dealers. Among the supplies purchased for Michigan farmers are the following: open-formula dairy and poultry feeds, fertilizer, coal, twine, and miscellaneous articles. A first venture into the field of farm machinery was made late in 1927.

SELECTED LIST OF PUBLICATIONS AND ARTICLES

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- Booth, J. F. Some Essentials for Successful Co-op Marketing: Farmers Are Taking More Interest in the Ultimate Disposition of Their Grain. Wheat Growers' Journal, Wichita, Kans., February 15, 1928, p. 15.
- Boswell, Mack. A Fine Type of Cooperation: Farmers Make \$26,000 on Gin at Crowell. Progressive Farmer, Dallas, Tex., February 11, 1928, p. 12.
- Cooperation Builds Markets. (Editorial) California Pear Grower, San Francisco, Calif., January, 1928, p. 4.
- McKay, A. W. Cooperation Among Vegetable Growers. Market Growers' Journal, Louisville, Ky., February 1, 1928, p. 102.
- McKay, A. W. Market Outlets and Demand for Honey. Pacific Rural Press, San Francisco, Calif., February 4, 1928, p. 138.
- Reid, Edwy B. Cooperation in Canning Enables Fruit Association to Contract at Flat Rate for Packing. Oregon Farmer, Portland, Oreg., February 9, 1928, p. 8.
- Taft, R. L. (Radio address) Cooperation From the Business Man's Standpoint. The Wheat Grower, Grand Forks, N. D., February 15, 1928, p. 7.
- "They Made Excuses": Why Men Depart from Cooperative Ideals. (Editorial) Butter-Fat, Vancouver, B. C., February, 1928, p. 2.
- Thompson, Sam H. Strengthening Association: How Cooperative Shippers Can Save in Marketing. Wallace's Farmer, Des Moines, Iowa, January 20, 1928, p. 9.
- Tillett, B. D. Cooperative Marketing Not a Panacea For All Agricultural Ills. The Peanut Grower, Norfolk, Va., January, 1928, p. 3.
- Vint, James H. Looking Squarely at Cooperation. Wisconsin Farmer, Madison, Wis., February 9, 1928, p. 7.

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